# Weekly Economic Review

## Earnings growth moderates

### Average weekly earnings (AWE)

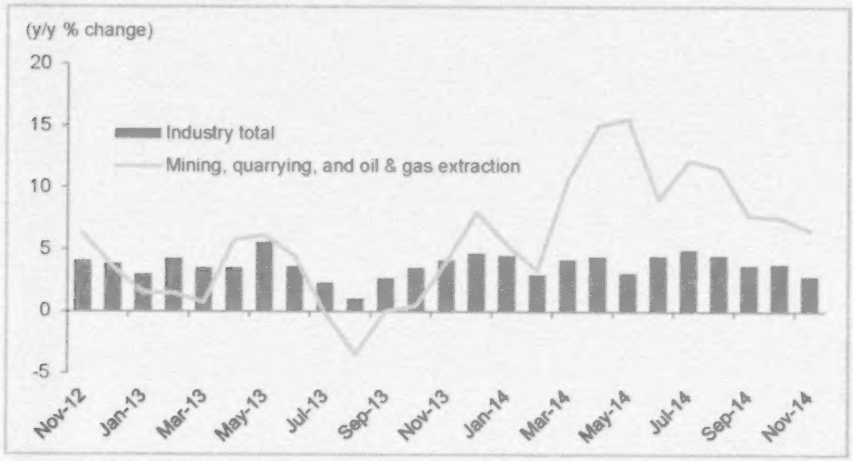
**Earnings growth slows**

Average weekly earnings in Alberta were $1,162 in November, a decrease of 0.3% from October, and the lowest year-over-year (y/y) growth so far in 2014 at 2.8%. Despite the pullback, AWE is up 4.0% on a year-to-date basis. Goods-producing industries continued to bolster overall growth, led by gains in the oil and gas sector. However, growth in this sector moderated for the fourth straight month, falling to 6.6% y/y, the lowest growth rate since February (Chart 1).

Nationally, average weekly earnings were $941 in November, a slight increase from October and 2.2% higher than November 2013. This was the lowest year-over-year growth rate so far in 2014.

Chart 1: Earnings growth in the oil and gas industry moderates

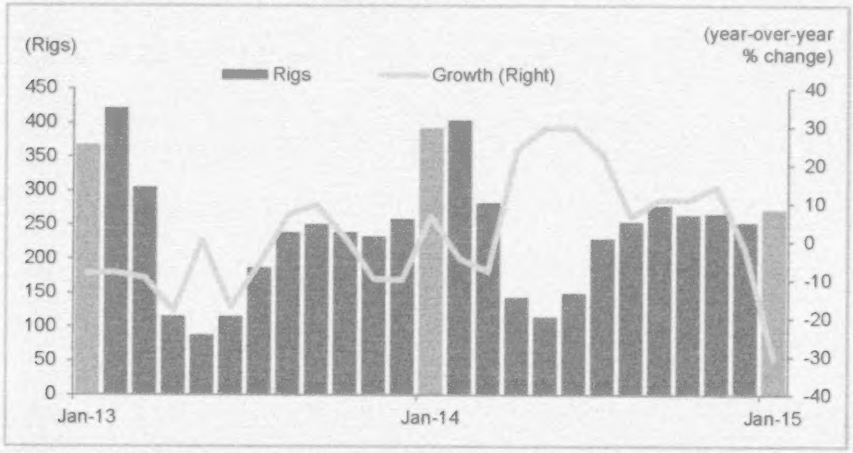
Alberta average weekly earnings




**Source:** Statistics Canada

Chart 2: Rigs drilling falls

Alberta rigs drilling and year-over-year growth




**Source:** CAODC

### Rigs Drilling

**Rig activity falls significantly to start the year**

There were 272 rigs drilling for oil and gas in January, down 31% from a year ago. Only 48% of available drilling rigs were active, compared with the 25-year January average of 71%. Nationally, there were 389 active rigs, a decrease of 30% y/y.

### Metres Drilled

**Metres up sharply in November**

Metres drilled is another measure of drilling activity and unlike the more timely rig count data, the latest metres drilled numbers were up a substantial 35% y/y in November. The highest growth was in natural gas metres (+47%), while oil metres were up 23% y/y. Metres drilled were up almost 40% in the first eleven months of 2014, with natural gas metres at nearly double the same period in 2013.

### Labour Force Survey Revision

**Alberta employment revised down**

Statistics Canada released their revised Labour Force Survey (LFS) estimates, which are now based on the 2011 Census of Population counts. The revision affected labour force data from 2001 to 2014. As a result, Alberta's labour force estimates have changed. Alberta employment growth for 2014

was revised down to 2.2% from 3.0% before the revision. The unemployment rate in 2014 was revised 0.1 percentage points higher at 4.7%. Canadian employment growth was revised down to 0.6% for 2014 and the unemployment rate was revised up to 6.9% for last year.

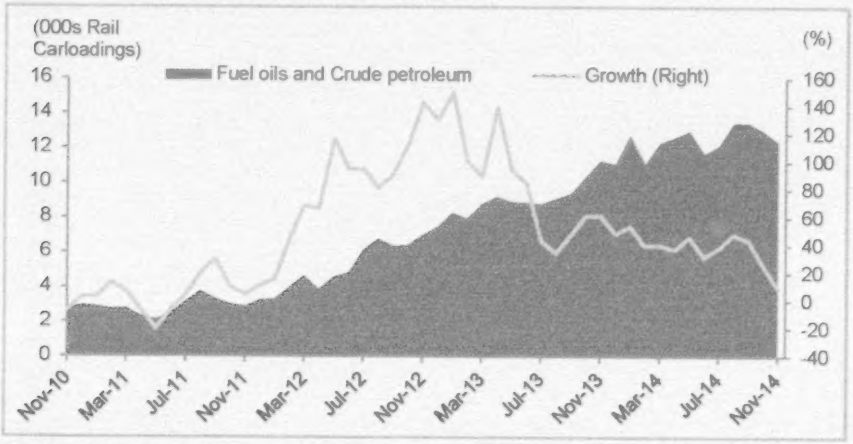
## Rail Carloadings

### Carloadings slip

Western Canadian rail carloadings fell by 3.9% y/y in November, pulled down declines in the number of wheat, lumber and wood pulp carloadings. Growth in fuel oils and crude petroleum carloadings appears to be leveling off after three very strong years of growth. Fuel oils and crude petroleum carloadings were up 9.3% y/y in November, the lowest growth rate since November 2011.

Chart 3: Growth in crude by rail shipments

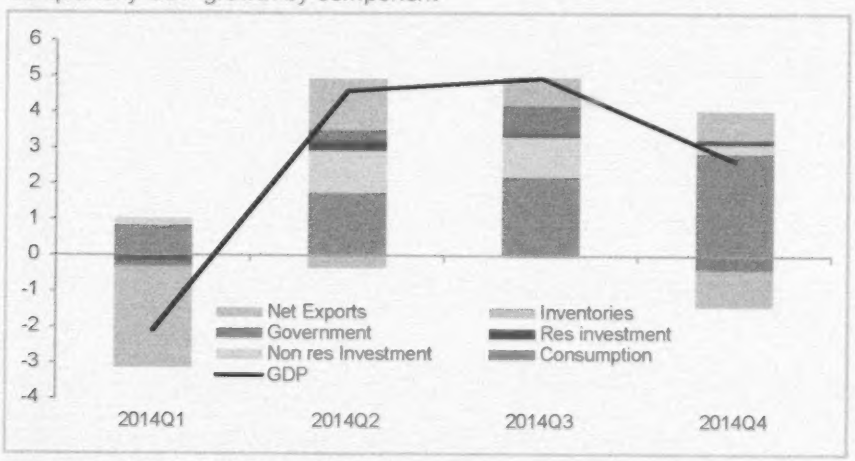
Rail carloadings of fuel oil and crude petroleum




**Source:** Statistics Canada

Chart 4: US economy finishes 2014 with healthy fourth quarter growth

US quarterly GDP growth by component




**Source:** US Bureau of Economic Analysis

## US Quarterly GDP

### Growth remains healthy

The US economy finished 2014 with healthy growth of 2.6% (annualized) in the fourth quarter of 2014. The growth was a moderation from the strong previous two quarters and was supported by improving private sector investment (+7.4%) and consumer spending (+4.3%). In contrast, the public sector (-2.2%) weighed on growth as federal government expenditures were scaled back (-7.5%), especially on national defense (-12.5%). Net exports were also a drag on growth, subtracting just over 1% from growth in the quarter (Chart 4).

Overall, the US economy grew by 2.4% in 2014, 0.2 percentage points higher than 2013.

## Canadian GDP by Industry

### GDP declines in November

Canadian GDP declined by 0.2% in November compared with October, as several major industries contracted. Mining, oil and gas extraction fell by 1.5%, leading the energy sector to contract by 0.2%. Manufacturing of both durable (-1.8%) and non-durable goods (-1.9%) also declined as the production of machinery, fabricated metals and chemicals waned. Service industries also struggled in November as wholesale trade (-0.6%), accommodations and food (-0.4%), transportation and warehousing (-0.3%) as well as finance and insurance (-0.4%) all contracted. With eleven months tallied, Canadian GDP by Industry has grown by 2.3% in 2014.

## Contact

*Nachum Gabler* 780.638.3238

Please see the *Alberta Economy- Indicators at a Glance* for a snapshot of Alberta indicators.